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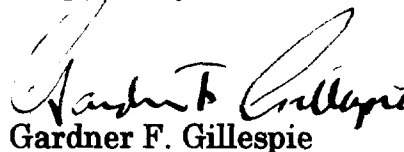
William Caton, Acting Secretary  
Federal Communications Commission  
1919 M Street N.W.  
Washington, D. C. 20554

**Re: MM Docket No. 93-215**

Dear Mr. Caton:

On behalf of Prime Cable, Harron Communications Corp., Georgia Cable Partners, Atlanta Cable Partners, L.P., Wometco Cable Corp., and the Coalition of Small System Operators, we hereby supplement their Comments on Cost-of-Service, submitted on August 25, 1993. This supplement consists of revised Exhibits 2 and 3 to the Comments, which are printouts of proposed cost-of-service models. Kindly include this supplement in the referenced docket. A copy of the diskette on which the models are contained is being hand delivered, along with a copy of this letter, to William H. Johnson, Deputy Chief of the Mass Media Bureau.

Respectfully submitted,

  
Gardner F. Gillespie

**Enclosure(s)**

cc: Chairman James H. Quello (w/encl.)  
Commissioner Andrew C. Barrett (w/encl.)  
Commissioner Ervin S. Duggan (w/encl.)  
William Johnson (w/encl./diskette)  
Alexandra Wilson (w/encl.)  
Jay Atkinson (w/encl.)

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**COST OF SERVICE MODEL  
GENERAL INSTRUCTIONS**

**FEDERAL COMMUNICATIONS COMMISSION  
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1. Enter information only on Worksheet I ("GO TO" Page 1 and the continuation on Page 2) and Worksheet II ("GO TO" Page 3).
2. Enter information only in white areas. Shaded areas are for fixed constants or for automatic calculations.

**COST OF SERVICE MODEL  
INSTRUCTIONS FOR COMPLETING SPECIFIC WORKSHEETS**

- I. **WORKSHEET I - Enter all data based on financial history for the past year.**
  - A. **Basis of Data Entered:** Enter the basis of the information that your are using, *i.e.*, Accounting by Franchise, Accounting by System, Accounting by System Group, Accounting by Multiple System Groups, or Consolidated Accounting (in cell A:A10 of the spreadsheet).
  - B. **Revenue, Subscribers, Channels, and Rates**
    1. **General instructions pertaining to all categories:**
      - a. **Place information in areas specified for the following:**
        - (1) **Basic Tier (Column H)**
        - (2) **CPS Tier (Column J)**
        - (3) **Equipment (Column L)**
        - (4) **Additional Outlets (Column N)**
        - (5) **Installation (Column P)**
        - (6) **PPV/PPC (Column R)**
        - (7) **Other 1 (Column T)**
        - (8) **Other 2 (Column V)**
        - (9) **Other 3 (Column X)**
        - (10) **Other 4 (Column Z)**
        - (11) **Pay Services (Column AB)**

- b. If you have no information to include in any of the four columns designated "Other," leave those areas blank. If you wish to include information in one or more of the "Other" categories, you may do so. You may also identify the category, if you wish, in the space (cell) just above the word "Other."
  2. Enter revenues in each category that is applicable in the columns identified above in IB1(1) - IB1(11).
  3. Enter subscribers in each category that is applicable in the columns identified above in IB1(1) - IB1(11).
  4. Enter channels in each category that is applicable in the columns identified above in IB1(1) - IB1(11).
  5. Enter rates in each category that is applicable in the columns identified above in IB1(1) - IB1(11).
  6. If unusual revenues are included in the financial statements used as your basis, you may include adjustments to normalize your revenues. Enter those adjustments as "Norm Adjs" in Column C.
- B. **Basis of Data Entered:** Enter the basis of the information that your are using, *i.e.*, Accounting by Franchise, Accounting by System, Accounting by System Group, Accounting by Multiple System Groups, or Consolidated Accounting (in cell A:A10 of the spreadsheet).
- C. **Operating Expenses**
  1. In Column B, enter total expenses from your records for each expense category identified in Column A.
  2. Enter adjustments needed, if any, to "normalize" your data in Column C.
  3. Enter all direct allocations you can identify.
    - a. Indicate whatever amounts you can directly allocate to specific services by entering the appropriate amount in the columns identified above in IB1(1) - IB1(11). **CAUTION:** Check to be sure the sum of all amounts directly allocated to specific services for any single expense category does not exceed the total amount you entered for the category in Column B. If negative numbers appear in any of the shaded default allocation columns (G, I, K, M, O, Q, S, U, X, Z, AA, and AC), you have allocated too much.

- b. If you can identify no direct allocations, the model will compute allocations for you according to the default methodology specified in Column F as "Alloc Type." (A = allocated on the basis of revenue; B = allocated on the basis of subscribers).
    - c. If you can allocate only part of the total expense category, you should do so. The model will allocate the difference between the amount you have allocated directly and the total expense category (as adjusted). (A = allocated on the basis of revenue; B = allocated on the basis of subscribers).
  - D. Annual DSOC Amortization, Depreciation, and "Other" - These areas will be included after completing Worksheet II because some calculations are based on information you will supply in Worksheet II.

## II. WORKSHEET II

### A. Tax Information

- 1. Enter the applicable corporate federal tax rate.
- 2. Enter the applicable state tax rate.

### B. System Life Information - Enter current year.

### C. Cost of Capital

- 1. Enter actual amounts of all debt and equity. Additional categories have been provided for your use as needed.
- 2. Enter the annual cost of each debt and equity entry you have included.

### D. For Systems & Portions of Systems You Built

- 1. On line identified as "Original Construction Cost" enter the original cost of construction for all portions of the system you have built (as opposed to those you have acquired).
- 2. On the line identified as "Plus: Rebuilds and Upgrades," enter the original cost of any rebuilds and upgrades you have built (as opposed to those that were included in systems you have acquired).

3. On the line identified as "Budgeted 12 Month Constr.," enter the full amount you have budgeted for new construction, including upgrades and rebuilds, for the next 12 months. Note: This represents construction you expect to accomplish in the next year. You should include all anticipated construction costs in the next 12 months for 100% of the system, *i.e.*, associated with both systems/portions of systems you have built *and* systems/portions of systems you have purchased.
  4. On the line identified as "Average Age of Plant (Years)," enter the estimated average age of all systems and portions of systems you have built (as opposed to acquired).
  5. On the line identified as "Accumulated Deficit," enter 100% of the accumulated deficit (less any interest cost associated with acquisition), if any, for systems/portions of systems that you have built (as opposed to acquired).
- E. On the line identified as "Accumulated Deferred Income Taxes," enter the amount of accumulated deferred income taxes, if any, applicable to all systems/portions of systems whether they were purchased or built by you.
- F. On the line identified as "Customer Deposits," enter the total amount of customer deposits, if any, for all systems/portions of systems whether acquired or constructed.
- G. On the line identified as "Current Inventory," enter the total cost of your current inventory.
- H. For Systems and Portions of Systems You Purchased
1. On the line identified as "System Classification," enter the number (1, 2, 3, or 4) which corresponds to the category listed on the next four lines (Large Urban, Suburban, Small Town Urban, or Rural) that most accurately describes the overall system/portions of systems you acquired (as opposed to constructed).
  2. On the line identified as "Aerial Miles," enter the total aerial plant miles included in systems/portions of systems you acquired (as opposed to constructed).
  3. On the line identified as "Underground Miles," enter the total underground plant miles included in systems/portions of systems you acquired (as opposed to constructed).
  4. On the line identified as "Average Age of Plant & Equip (Today)," enter the estimated overall average age for all systems/portions of systems you acquired (as opposed to constructed).

5. On the line identified as "Average Year of Acquisition," enter the estimated overall average year of acquisition for all systems/portions of systems you acquired (as opposed to constructed). For example, if approximately 1/2 of your acquired plant was purchased in 1990 and 1/2 was purchased in 1988, then enter 1989 as the estimated average age.
6. On the line identified as "Total Homes Passed," enter the total homes passed associated with all systems/portions of systems you acquired (as opposed to constructed).
7. On the line identified as "Total Subscribers," enter the total subscribers associated with all systems/portions of systems you acquired (as opposed to constructed). If 100% of the systems you currently own were purchased, as opposed to constructed by you, with the possible exception of improvements to or rebuilds of previously constructed plant, this number will be the same as the total basic subscribers you entered on Worksheet I. If that is not the case, you will need to indicate the number of subscribers you attribute to the systems/portions of systems you purchased.
8. On the line identified as "Number of Active Channels," enter the total number of channels offered in systems/portions of systems you acquired (as opposed to constructed).
9. On the line identified as "Annual Revenues," enter the total revenues associated with all systems/portions of systems you acquired (as opposed to constructed). If 100% of the systems you currently own were purchased, as opposed to constructed by you, with the possible exception of improvements to or rebuilds of previously constructed plant, this number will be the same as the appearing in Worksheet I in Column C which represents your total revenue (as adjusted) from all sources. If that is not the case, you will need to calculate and enter the total revenue you attribute to the systems/portions of systems you purchased.
10. On the line identified as "Annual Operating Expenses," enter the total operating expenses associated with all systems/portions of systems you acquired (as opposed to constructed). If 100% of the systems you currently own were purchased, as opposed to constructed by you, with the possible exception of improvements to or rebuilds of previously constructed plant, this number will be the same as that appearing in Worksheet I on the Operating Expense Subtotal line in Column C which represents your total operating expenses (as adjusted) from all sources. If that is not the case, you will need to calculate and enter the total expenses you attribute to the systems/portions of systems you purchased.
11. On the line which deals with "Converters in Use," enter "1" if any converters are in use and "0" if no converters are in use in the system/portions of systems you acquired (as opposed to constructed).

- a. If you entered "0" because no converters are used in the acquired systems/portions or systems, you have completed all entries required for Worksheet II. Proceed to section III of these instructions (Worksheet I Revisited - Annual DSOC Amortization, Depreciation, and "Other").
- b. If you entered "1" because converters are used by some portion of the subscribers in acquired systems/portions of systems, enter the estimated percent of subscribers using system-owned standard (*i.e.*, non-addressable) units and the percent of subscribers using addressable units in the appropriate boxes.

### III. Worksheet I Revisited - Annual DSOC Amortization, Depreciation, and "Other"

#### A. Amortization and Depreciation

1. Enter any direct allocations you can identify.
  - a. Indicate whatever amounts you can directly allocate to specific services by entering the appropriate amount in the columns identified above in IB1(1) - IB1(11). **CAUTION:** Check to be sure the sum of all amounts directly allocated to specific services for any single depreciation or amortization category does not exceed the total amount included for the category in Column B. If negative numbers appear in any of the shaded default allocation columns (G, I, K, M, O, Q, S, U, X, Z, AA, and AC), you have allocated too much.
  - b. If you can identify no direct allocations, the model will compute allocations for you according to the default methodology specified in Column F as "Alloc Type." (A = allocated on the basis of revenue; B = allocated on the basis of subscribers).
  - c. If you can allocate only part of your total amortization and depreciation, you should do so. The model will allocate the difference between the amount you have allocated directly and the total expense category (as adjusted). (A = allocated on the basis of revenue; B = allocated on the basis of subscribers).
2. Enter in Column C adjustments needed, if any, to "normalize" the totals which have been calculated.

#### B. "Other"

1. Enter the total amount of other unidentified cost items to be allocated, if any, from your records in the row marked "other" under the line designated for Depreciation.

2. Include any normalizing adjustments in Column C.
3. Proceed with direct allocations as described above ID1a(1)-ID1a(3). **CAUTION:** Check to be sure the sum of all amounts directly allocated to specific services for this category does not exceed the total amount included for the category in Column B. If negative numbers appear in any of the shaded default allocation columns (G, I, K, M, O, Q, S, U, X, Z, AA, and AC), you have allocated too much.

COSINST.DOC (for use with HHLONGA & HHSHORTA)



2. Include any normalizing adjustments in Column C.
3. Proceed with direct allocations as described above ID1a(1)-ID1a(3). **CAUTION:** Check to be sure the sum of all amounts directly allocated to specific services for this category does not exceed the total amount included for the category in Column B. If negative numbers appear in any of the shaded default allocation columns (G, I, K, M, O, Q, S, U, X, Z, AA, and AC), you have allocated too much.

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FILE NAME: HHLONGB.WK3/IM3

AF

31-Aug-83

**Cost of Service Analysis Template—Long Form Use on Franchise, System, or Consolidated Accounting Basis**

WORKSHEET 1	From Records	Norm Adj	As Adj	Direct	Alloc Type	Allocated	Basic Tier	Basic Alloc	CPS Tier	CPS Alloc	Equipment	Equip Alloc
Revenue - A	\$5,437,000	\$0	\$5,437,000		A		\$6,800,000		\$0		\$490,000	
Subscriptions - B	25,000	0	25,000		B		25,000		0		0	
Churned - C	30	0	30		C		25		0		0	
Item							\$22.00		\$0.00		\$0.00	
Basic: Consolidated Accounting												
Revenue							Basic Direct Entry		CPS Direct Entry		Equip Direct	
Revenue - Basic	\$1,008,000	\$0	\$1,008,000		A		\$650,886		\$0		\$0	
Revenue - Basic	665,000	0	665,000				0		0		0	
Revenue - Basic	0	0	0				0		0		0	
Revenue - Basic	0	0	0				0		0		0	
Revenue - Basic	5,000	0	5,000				0		0		0	
Revenue - Basic & Variable	750,000	0	750,000				425,000		0		225,000	
Revenue - Basic & Variable	220,000	0	220,000				145,000		0		30,000	
Revenue - Basic & Variable	12,000	0	12,000				12,000		0		0	
Revenue - Basic & Variable	5,000	0	5,000				5,000		0		0	
Revenue - Basic & Variable	38,000	0	38,000				38,000		0		0	
Revenue - Basic & Variable	5,000	0	5,000				5,000		0		0	
Revenue - Basic & Variable	12,000	0	12,000				12,000		0		0	
Revenue - Basic & Variable	18,000	0	18,000				18,000		0		0	
Revenue - Basic & Variable	18,000	0	18,000				18,000		0		0	
Revenue - Basic & Variable	14,000	0	14,000				14,000		0		0	
Revenue - Basic & Variable	18,000	0	18,000				0		0		0	
Revenue - Basic & Variable	75,000	0	75,000				35,000		0		0	
Revenue - Basic & Variable	175,000	0	175,000				0		0		0	
Revenue - Basic & Variable	38,000	0	38,000				38,000		0		0	
Revenue - Basic & Variable	23,000	0	23,000				0		0		0	
Revenue - Basic & Variable	0	0	0				0		0		0	
Revenue - Basic & Variable	0	0	0				0		0		0	
Revenue - Basic & Variable	1,450,000	0	1,450,000				1,030,000		0		180,000	
Revenue - Basic & Variable	45,000	0	45,000				0		0		0	
Revenue - Basic & Variable	205,000	0	205,000				0		0		0	
Revenue - Basic & Variable	35,000	0	35,000				0		0		0	
Revenue - Basic & Variable	0	0	0				0		0		0	
Revenue - Basic & Variable	40,000	0	40,000				0		0		0	
Revenue - Basic & Variable	12,000	0	12,000				0		0		0	
Revenue - Basic & Variable	12,000	0	12,000				0		0		0	
Revenue - Basic & Variable	25,000	0	25,000				0		0		0	
Revenue - Basic & Variable	5,000	0	5,000				0		0		0	
Revenue - Basic & Variable	75,000	0	75,000				0		0		0	
Revenue - Basic & Variable	75,000	0	75,000				0		0		0	
Revenue - Basic & Variable	40,000	0	40,000				0		0		0	
Revenue - Basic & Variable	88,000	0	88,000				0		0		0	
Revenue - Basic & Variable	100,000	0	100,000				0		0		0	
Revenue - Basic & Variable	3,000	0	3,000				0		0		0	
Revenue - Basic & Variable	0	0	0				0		0		0	
Revenue - Basic & Variable	0	0	0				0		0		0	
Revenue - Basic & Variable	0	0	0				0		0		0	
Revenue - Basic & Variable	0	0	0				0		0		0	
Revenue - Basic & Variable	100,000	(100,000)	0				0		0		0	
Revenue - Basic & Variable	\$5,437,000	\$650,886	\$6,087,886				\$2,250,886		\$0		\$450,886	
Revenue - Basic & Variable	\$5,437,000		\$5,437,000				1,700,000				136,168	
Revenue - Basic & Variable	\$5,437,000	\$650,886	\$6,087,886				\$2,250,886		\$0		\$450,886	
Revenue - Basic & Variable	\$5,437,000	\$650,886	\$6,087,886				\$2,250,886		\$0		\$450,886	
Item	From Records	Norm Adj	As Adj	Direct	Alloc Type	Allocated	Basic Tier	Basic Alloc	CPS Tier	CPS Alloc	Equipment	Equip Alloc

[illegible]

WORKSHEET II		For Systems & Portions of Systems You Built		For Systems & Portions You Purchased	
<b>Tax Information</b>		<b>Construction Information</b>		<b>Acquisition Information</b>	
Fed Tax Rate	34.00%	Original Construction Cost	\$1,500,000	System Classification	2
State Tax Rate	6.00%	Plus: Rebuilds & Upgrades	\$500,000	If Large Urban Enter 1	
Combined Tax Rate	37.80%	Budgeted 12 Month Constr.	\$300,000	If Suburban Enter 2	
		Average Age of Plant (Years)	2	If Small Town Urban Enter 3	
		Accumulated Deficit	\$0	If Rural Enter 4	
<b>System Life Information</b>		<b>Other Info</b>		Aerial Miles	1400
System Estimated Plant Life	13	Accumulated Deferred Taxes	0	Underground Miles	0
Estimated Plant Life	13	Customer Deposits	0	Average Age of Plant & Equip (Today)	8
Other Info		Current Inventory	\$800,000	Average Year of Acquisition	1988
Rate of Return on Equity	14.00%	Current Acquired Plant Value		Total Homes Passed	47,000
System	36,283	Current Deferred Start-up/Operating Costs Amount		Total Subscribers	29,000
Current Year	1993			Number of Active Channels	30
				Annual Revenues	\$9,437,000
				Annual Operating Expenses	\$5,606,000
				Converters in Use? Yes=1 No=0	1
				If No End of Worksheet	
				If Yes Percent of Sub With:	
				System Owned Standard Units	30%
				System Owned Addressable Units	20%
<b>Cost of Capital</b>		<b>Actuals</b>		<b>Annual cost %</b>	
Debt	\$12,921,115			8.00%	
Equity	7,452,585			25.00%	
Other_1					
Other_2					
Other_3					
Other_4					
Other_5					
Total	\$20,373,700				

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Revenue Requirement - Basic WorkSpace	
Rate Base Allocation % Based on Revenue	72.08%
Rate Base Computation	
Net Plant	\$8,084,458
CPUC	216,170
Inventory	432,341
Deferred Start-up & Operating Costs	548,844
Less: Accumulated Deferred Inc Taxes	0
Less: Customer Deposits	0
Total Rate Base	\$10,282,814
Rate of Return	
Return on Total Rate Base	\$1,463,458
Income Taxes on Return of Equity	327,545
Plus: Operating Expenses	\$3,366,975
Plus: Plant Depreciation	2,483,145
Plus: CPUC Depreciation	18,014
Plus: DSOC Amortization	183,215
SubTotal	\$7,874,350
Revenue Related Taxes & Bad Debts %	83,441
Total Revenue Required	\$7,957,791
Current Basic Revenue	\$8,800,000
Over/Under	\$1,157,791
Over/Under Per Sub/Month	\$3.33

Revenue Requirement - CPS WorkSpace	
Rate Base Allocation % Based on Revenue	0.00%
Rate Base Computation	
Net Plant	\$0
Net CPUC	0
Inventory	0
Deferred Start-up & Operating Costs	0
Less: Accumulated Deferred Inc Taxes	0
Less: Customer Deposits	0
Total Rate Base	\$0
Rate of Return	
Return on Total Rate Base	\$0
Income Taxes on Return of Equity	0
Plus: Operating Expenses	\$0
Plus: Plant Depreciation	0
Plus: CPUC Depreciation	0
Plus: DSOC Amortization	0
SubTotal	\$0
Revenue Related Taxes & Bad Debts %	0
Total Revenue Required	\$0
Current CPS Revenue	\$0
Over/Under	\$0

Revenue Requirement - Equipment WorkSpace	
Rate Base Allocation % Based on Revenue	5.19%
Rate Base Computation	
Net Plant	\$655,336
Net CPUC	15,577
Inventory	31,154
Deferred Start-up & Operating Costs	39,607
Less: Accumulated Deferred Inc Taxes	0
Less: Customer Deposits	0
Total Rate Base	\$741,674
Rate of Return	
Return on Total Rate Base	\$105,455
Income Taxes on Return of Equity	23,603
Plus: Operating Expenses	\$448,518
Plus: Plant Depreciation	194,600
Plus: CPUC Depreciation	1,296
Plus: DSOC Amortization	13,202
SubTotal	\$787,674
Revenue Related Taxes & Bad Debts %	417
Total Revenue Required	\$788,092
Current Equipment Revenue	\$480,000
Over/Under	\$298,092

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Revenue Requirement -- Additional Outlet Fees WorkSpace	
Rate Base Allocation % Based on Revenue	3.68%
Rate Base Computation	
Net Plant	\$461,410
Net CPUC	10,967
Inventory	21,835
Deferred Start-up & Operating Costs	27,886
Less: Accumulated Deferred Inc Taxes	0
Less: Customer Deposits	0
Total Rate Base	\$522,199
Rate of Return	
Return on Total Rate Base	\$74,249
Income Taxes on Return of Equity	16,616
Plus: Operating Expenses	\$135,221
Plus: Plant Depreciation	39,733
Plus: CPUC Depreciation	914
Plus: DSOC Amortization	9,295
SubTotal	\$276,030
Revenue Related Taxes & Bad Debts %	146
Total Revenue Required	\$276,176
Current Additional Outlet Fees	\$345,000
Over/Under	(\$68,824)

Revenue Requirement -- Installation WorkSpace	
Rate Base Allocation % Based on Revenue	1.43%
Rate Base Computation	
Net Plant	\$180,552
Net CPUC	0
Inventory	8,583
Deferred Start-up & Operating Costs	10,912
Less: Accumulated Deferred Inc Taxes	0
Less: Customer Deposits	0
Total Rate Base	\$200,047
Rate of Return	
Return on Total Rate Base	\$28,444
Income Taxes on Return of Equity	6,366
Plus: Operating Expenses	\$173,999
Plus: Plant Depreciation	15,548
Plus: CPUC Depreciation	356
Plus: DSOC Amortization	3,837
SubTotal	\$228,352
Revenue Related Taxes & Bad Debts %	121
Total Revenue Required	\$228,473
Current Installation Revenue	\$135,000
Over/Under	\$93,473

Revenue Requirement -- Other 1 WorkSpace	
Rate Base Allocation % Based on Revenue	1.58%
Rate Base Computation	
Net Plant	\$200,613
Net CPUC	4,768
Inventory	9,537
Deferred Start-up & Operating Costs	12,124
Less: Accumulated Deferred Inc Taxes	0
Less: Customer Deposits	0
Total Rate Base	\$227,043
Rate of Return	
Return on Total Rate Base	\$32,282
Income Taxes on Return of Equity	7,225
Plus: Operating Expenses	\$141,471
Plus: Plant Depreciation	17,275
Plus: CPUC Depreciation	397
Plus: DSOC Amortization	4,041
SubTotal	\$202,693
Revenue Related Taxes & Bad Debts %	107
Total Revenue Required	\$202,800
Current Other 1	\$150,000
Over/Under	\$52,800

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Revenue Requirement - Other 2 WorkSpace	
Rate Base Allocation % Based on Revenue	0.34%
Rate Base Computation	
Net Plant	\$42,797
Net CPUC	1,017
Inventory	2,036
Deferred Start-up & Operating Costs	2,587
Less: Accumulated Deferred Inc Taxes	0
Less: Customer Deposits	0
Total Rate Base	\$48,438
Rate of Return	
Return on Total Rate Base	\$6,987
Income Taxes on Return of Equity	1,541
Plus: Operating Expenses	\$948
Plus: Plant Depreciation	3,685
Plus: CPUC Depreciation	85
Plus: DSOC Amortization	662
SubTotal	\$14,009
Revenue Related Taxes & Bad Debts %	7
Total Revenue Required	\$14,016
Current Other 2	\$32,000
Over/Under	(\$17,984)

Revenue Requirement - Other 3 WorkSpace	
Rate Base Allocation % Based on Revenue	0.00%
Rate Base Computation	
Net Plant	\$0
Net CPUC	0
Inventory	0
Deferred Start-up & Operating Costs	0
Less: Accumulated Deferred Inc Taxes	0
Less: Customer Deposits	0
Total Rate Base	\$0
Rate of Return	
Return on Total Rate Base	\$0
Income Taxes on Return of Equity	0
Plus: Operating Expenses	\$0
Plus: Plant Depreciation	0
Plus: CPUC Depreciation	0
Plus: DSOC Amortization	0
SubTotal	\$0
Revenue Related Taxes & Bad Debts %	0
Total Revenue Required	\$0
Current Other 3	\$0
Over/Under	\$0

Revenue Requirement - Other 4 WorkSpace	
Rate Base Allocation % Based on Revenue	0.28%
Rate Base Computation	
Net Plant	\$33,438
Net CPUC	786
Inventory	1,589
Deferred Start-up & Operating Costs	2,021
Less: Accumulated Deferred Inc Taxes	0
Less: Customer Deposits	0
Total Rate Base	\$37,840
Rate of Return	
Return on Total Rate Base	\$5,380
Income Taxes on Return of Equity	1,204
Plus: Operating Expenses	\$741
Plus: Plant Depreciation	2,679
Plus: CPUC Depreciation	66
Plus: DSOC Amortization	674
SubTotal	\$10,944
Revenue Related Taxes & Bad Debts %	6
Total Revenue Required	\$10,950
Current Other 4	\$25,000
Over/Under	(\$14,050)

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FILE NAME: HHLONGB.wk3/m3

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31-Aug-83

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**Cost of Service Analysis Template—Long Form Use on Franchise, System, or Consolidated Accounting Basis**

Worksheet 1												
Item	From Records	Norm Adj	As Adj	Direct	Alloc Type	Allocated	Basic Tier	Basic Alloc	CPS Tier	CPS Alloc	Equipment	Equip Alloc

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[illegible]

WORKSHEET II		For Systems & Portions of Systems You Built		For Systems & Portions You Purchased	
<b>Tax Information</b>		<b>Construction Information</b>		<b>Acquisition Information</b>	
Fed Tax Rate		Original Construction Cost		System Classification	Entry
State Tax Rate		Plus: Rebuilds & Upgrades		If Large Urban Enter 1	
		Budgeted 12 Month Constr.		If Suburban Enter 2	
		Average Age of Plant (Years)		If Small Town Urban Enter 3	
		Accumulated Deficit		If Rural Enter 4	
<b>System Life Information</b>		<b>Accumulated Deferred Taxes</b>		<b>Aerial Miles</b>	
Revenue				Underground Miles	
Other Info		Customer Deposits		Average Age of Plant & Equip (Today)	
Revenue		Current Inventory		Average Year of Acquisition	
Current Year		Current Acquired Plant Value		Total Homes Passed	
		Current Deferred Start-up/Operating Costs Amount		Total Subscribers	
				Number of Active Channels	
				Annual Revenue	
				Annual Operating Expense	
				Converters in Use? Yes=1 No=0	
				If No End of Worksheet	
				If Yes Percent of Subs With:	
				System Owned Standard Units	
				System Owned Addressable Units	
<b>Cost of Capital</b>		<b>Actuals</b>		<b>Annual cost %</b>	
Debt	\$12,921,115			8.00%	
Equity	7,452,595			25.00%	
Other_1					
Other_2					
Other_3					
Other_4					
Other_5					

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PAGE A

COST & DEFERRED OPERATING LOSSES -  
S & ASSUMPTIONS

DATA FROM THE COST OF SERVICE FORM

	1983
on	2
ter 1	
r 2	
an, enter 3	
	1,400.00
s	0.00
stem Plant and Equipment (Years)	8
quisition	1986
ed by Cable	47,000
	28,000
Channels	30
Revenues	\$9,437,000
Expenses	\$5,608,000
? (Yes=1; No=0)	1
stions	
of total customers with:	
! Standard Converters	30%
! Addressable Converters	20%

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## Based on Computations from System Statistics

	1,400.00	100%
	0.00	0%
	<u>1,400.00</u>	<u>100%</u>
assed per Plant Mile)	33.6	
ed by Cable	47,000	
	29,000	
of Homes Passed	61.7%	
per Subscriber per Month	\$27.12	
t Margin	40.6%	

## ns for Construction and Revenue Calculations

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Period (assumes 2 crews @ 20 miles/month)										
Added Per Year	480	480	440	0	0	0	0	0	0	0
ulative Mileage	480	960	1400	1400	1400	1400	1400	1400	1400	1400
r Year	16,114	16,114	14,771	0	0	0	0	0	0	0
Homes Passed	16,114	32,229	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000
Subs	0	1,657	6,629	15,439	23,449	28,089	29,000	29,000	29,000	29,000
is	1,657	6,629	15,439	23,449	26,089	29,000	29,000	29,000	29,000	29,000
ibs	629	4,143	11,034	19,444	25,769	28,544	29,000	29,000	29,000	29,000
ning Penetration	0.0%	10.3%	20.6%	32.8%	49.6%	59.8%	61.7%	61.7%	61.7%	61.7%
g Penetration	10.3%	20.6%	32.8%	49.6%	59.8%	61.7%	61.7%	61.7%	61.7%	61.7%
ge Penetration	5.1%	15.4%	26.7%	41.4%	54.8%	60.7%	61.7%	61.7%	61.7%	61.7%
Construction Costs (pre-1980 = estimates) *	<u>1975</u> 0.7806	<u>1976</u> 0.7722	<u>1977</u> 0.7839	<u>1978</u> 0.7959	<u>1979</u> 0.8080	<u>1980</u> 0.8203	<u>1981</u> 0.8429	<u>1982</u> 0.8625	<u>1983</u> 0.8800	<u>1984</u> 0.8964
e (Annual Average) **	7.9%	6.8%	6.8%	9.1%	12.7%	15.3%	16.9%	14.9%	10.6%	12.0%
(1993 = 1.0000) ***	0.2047	0.2116	0.2452	0.2748	0.3117	0.3634	0.4243	0.4896	0.5443	0.5905
plied:										
Factor for Acquisition Year	0.9040									
t for Acquisition Year	8.4%									
ing Revenue Factor (i.e., Acquisition Year)	0.8840									

\* Source: Producer Price Index and Commodity Code Index - See Page G

\*\* Source: International Financial Statistics, 1991 Yearbook and August 1993.

\*\*\* Source: Calculated using data included in Paul Kagan's 1992 Cable TV Financial Databook - See Pages J1 &amp; J2.

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PAGE C

ation Cost Assumptions

Estimated Replacement Cost per Mile Today (by System Classification)				
	Large Urban	Suburban	Small Town Urban	Rural
per Channel	\$18,000	\$15,000	\$12,000	\$10,000
osts	\$540,000	\$450,000	\$360,000	\$300,000
per Mile	\$20,000	\$18,000	\$15,000	\$12,000
nt Cost per Mile	\$50,000	\$25,000	\$18,000	\$15,000
ive and Inactive Subscriber Drop	\$80	\$75	\$70	\$65
ter Cost per Converter	\$75	\$60	\$50	\$40
verter Cost per Converter	\$100	\$103	\$106	\$110

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PAGE C1

*ation Cost Assumptions*

er Channel  
osts

Estimate includes headend equipment and building, satellite dishes, towers, antennas, test equipment, studio equipment, and all other technical and non-technical equipment needed to operate the system

per Mile  
nt Cost per Mile

tive and Inactive Subscriber Drop

ter Cost per Converter  
verter Cost per Converter

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